materials would have benefited the manufacturer, and it is just possible that production, instead of being limited, might have been stimulated by cheapness due to scarcity of currency and credit, or, at least, might have gone on just as well on a lower all-round level of prices. On the whole, it is perhaps more probable that a steady rise in prices caused by a gradual increase in the volume of currency and credit would have the more beneficial effect in stimulating the energies of producers. But Mr Kitson's argument that the volume of currency and credit imposes an absolute limit on the volume of production is surely much too clean-cut an assumption. This absolute limit may be true, if currency cannot be increased, with regard to the aggregate value in money of the goods produced.

But money value and volume are two quite different things. If our credit system had not been developed as it has, and we had had to rely on actual gold and silver for carrying on all production and trade, it does not by any means follow that trade and production might not have been on something like their present scale in the matter of volume and turnover; but the money value would have been much smaller because prices would have been all round at a much lower level.

This contention is based on what is called the "Quantity Theory of Money."[1] This theory Mr

Kitson wholeheartedly believes, so that this is not a point that has to be argued with him. "The value of money," he says, "as every student of economics knows, is determined by the quantity